



# Department of Justice

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## **UTICA AREA MAN SENTENCED IN FRAUD AND MONEY LAUNDERING CASE**

United States Attorney Richard S. Hartunian announced today that a Utica man has been sentenced for his role in an insurance fraud scheme and money laundering charge.

On May 28, 2013, JOSEPH DEMME, age 67, Whitesboro, NY, was sentenced by United States District Court Judge Norman A. Mordue in Syracuse. DEMME was sentenced to 15 months imprisonment and ordered to pay restitution in an amount exceeding \$1.4 million. DEMME will also serve three years of supervision following his release from incarceration.

DEMME pled guilty on May 29, 2012 to conspiracy to commit mail fraud and money laundering. DEMME admitted that in or about 2005 he agreed to assist other conspirators in an insurance fraud scheme. The scheme involved a staged motor vehicle accident on Harbor Lock Road in Utica on March 20, 2006. On that date, Joseph Dellerba and Cynthia Morgan claimed to have been injured while passengers in a Ford van which was struck by a Ryder truck driven by Michael Matrulli. In fact, the collision was staged, and Dellerba and Morgan were not passengers at the time of the impact. Dellerba and Morgan claimed to have been injured as a result of the accident and submitted false insurance claims, including claims for personal injuries, no fault benefits and disability benefits. Dellerba and Morgan sought medical treatment for non-existent injuries or injuries that they claimed were the result of the collision.

The money laundering conviction stems from an October 10, 2007 incident where DEMME applied for and obtained a \$25,000 loan from Rome Savings Bank in New Hartford, New York. The proceeds of the loan were derived from unlawful activity, in that in support of this loan application, DEMME submitted to the bank a false U.S. Individual Income Tax Return form 1040 for the year 2006, which overstated his income and had not been filed with the Internal Revenue Service.

The case was investigated by the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigation Division and the New York State Insurance Frauds Bureau. The case was prosecuted by Assistant United States Attorney Edward R. Broton.